
Trade Agreements and Labor Standards

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Questions for Study

- What happens to labor standards in countries that have FTAs with the U.S.?
 - Does the negotiation and ratification process lead countries to improve standards?
 - Do standards improve when the FTAs are implemented?
 - Can we measure change in these FTA partner countries?
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Creating a Labor Standards Index

- Review prior measures for ILO core standards: FACB, child labor, discrimination, equal pay, decent work, comprehensive measures
 - Build off of Kucera's index of Freedom of Association/Collective Bargaining (FACB)
 - Propose a method for an annual labor standards-related index
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Labor Standards Index

- Annual measure; allows us to measure changes over time
 - Code each FTA country (except Israel); 3 years before negotiations begin and up to 10 years afterwards
 - 20 criteria (14 from Kucera and 6 additional) to measure elements of FACB standards in law and practice
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Labor Standards Index Criteria

Right to FACB

General prohibitions on FA

Exclusion of industrial sectors from FA

Exclusion of other sectors or workers

General prohibitions on right to CB

Exclusion of industrial sectors from CB

Exclusion of other sectors or workers

Government interference with FACB

Employer interference with FACB

Other key elements

Restricted rights in EPZs

Restrictions on the FA/CB rights of foreign workers

Implementation capacity/mechanisms for enforcement of FACB

Right to strike

General prohibitions

Exclusion of industrial sectors

Exclusion of other sectors or workers

Government interference

Employer interference

FA/CB related civil liberties

Murder or disappearance of union members or organizers

Other violence against union members or organizers

Arrest, detention, imprisonment, or forced exile for union membership or activities

Interference with union rights of assembly, demonstration, free opinion, free expression

Sources

- State Department Human Rights Reports
 - ICFTU/ITUC Annual Surveys
 - NATLEX from ILO
 - DOL reports
 - USTR Labor Advisory Committee reports
 - Other: Human Rights Watch, AFL-CIO Solidarity Center, *Inside US Trade*
 - NOTE: Weak data in early years for Canada and Mexico
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Coding

- Each item coded as 1 for problems, 0 for no problems reported
 - + for positive change, - for negative change from year to year
 - Some items coded as N/A (such as “restricted rights in EPZs” in countries with no EPZs)
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Total Index

- Sum of 20 criteria
 - Adjusted for the N/A items
 - Score for each year up to 11 years, and for each of 19 countries
 - Normalized to scale, with a maximum of 10
 - See Table 3a in handout
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Additional Indices

- **Total2:** adds in two criteria for the ratification of ILO Conventions 87 and 98
 - **Weighted1:** weights double 5 of the criteria (general prohibitions on FA, CB and strikes, government barriers to FACB, murder of trade unionists)
 - **Weighted2:** gives more weight to the +/- changes from year to year
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Changes up to ratification (in US)

- Change in Total1 from 3 years before negotiation to ratification
 - Negative score suggests improvement in standards; Positive score suggests standards deteriorated
 - See Table 4 in handout
 - Oman and Bahrain show significant improvement
 - More modest improvement for DR-CAFTA
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Changes over full time period

- Examine year by year for specific patterns
 - Calculate change from Year1 (3 years before start of negotiation) until Year11 or most recent year available
 - See Table 7a (handout)
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Countries that end better off (Total1)

- Oman
 - Costa Rica
 - Bahrain
 - El Salvador
 - Peru
 - Dominican Republic
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Countries that end worse off (Total1)

- Panama
 - Chile
 - Morocco
 - Honduras
 - Nicaragua
 - Jordan
 - Australia
 - Singapore
 - Mexico
 - Canada
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Countries that end with no change (Total1)

- Colombia
 - Guatemala
 - Korea
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Other Indices

- Little difference with Total2 (includes ILO ratifications)
 - Weighted1: main difference is Korea begins with better standards, and ends period worse off
 - Weighted2: Korea, Colombia, Guatemala all show as ending full period worse off
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Case Studies

- Necessary to understand complexity of patterns by country
 - Add depth to the 1/0 coding system
 - Tease out patterns in adoption of laws, enforcement, trade negotiations
 - Look for other possible factors that may be relevant
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Bahrain

- Significant improvements, as it began this century without many basic labor rights
 - Biggest improvement was when negotiating TIFA, before FTA
 - However, did not make all changes it promised during FTA negotiations
 - Since FTA implementation, has expanded strike ban
 - Conditions for foreign workers still problematic
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Oman

- Similar to Bahrain; major improvements in labor laws
 - Seems likely it made significant changes due to FTA negotiations
 - Yet didn't make all promised changes
 - FTA only in force in 2009 so too early to assess post-implementation outcomes
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Chile

- Chile passed major reforms to labor law in the midst of FTA negotiations
 - Also passed additional reforms since then
 - In practice, standards have deteriorated, particularly for subcontracted workers
 - Chile's courts ruled that its new law providing FACB to subcontracted workers is unenforceable, suggesting that Chile is not enforcing its own labor laws
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Morocco

- Morocco appears a major success based on changes made during FTA negotiations; finally formalizing FA
 - Since those gains, conditions have deteriorated
 - Legally, government passed restrictions on strikes
 - In practice, government and employers interfere with workers FACB rights
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El Salvador

- Ends 10 year period better than it started
 - But major improvement before CAFTA negotiations started; standards deteriorated as negotiations were underway
 - May be some measurement error as there was a lot of attention on the country during negotiations
 - Another significant drop from 2008-2009 with political change
 - A 2010 murder (not coded) suggests gains may have been temporary
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Policy Implications

- Each country is unique; case studies are needed in addition to any quantitative index
 - Necessary to monitor changes over time, even after FTA is implemented
 - Change is not usually unidirectional
 - No clear pattern emerges out of our case study countries
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Caveats and Limitations

- Quality of data sources varies over time and by country
 - Subjectivity in coding
 - Binary versus rank-order coding?
 - Relation to TIFA negotiations, multilateral agreements, FTAs with other partners
 - Impact of exogeneous factors such as global economy, political regime changes
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Future Research

- Case studies for other 15 countries
 - Add other partner country FTAs (e.g. Canada-Chile)
 - Effects of political regime changes and election cycles, economic recession, government stability & government budgets
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